

ORIGINAL



0000150422

Steve Wene, No. 019630
MOYES SELLERS & HENDRICKS LTD.
1850 N. Central Avenue, Suite 1100
Phoenix, Arizona 85004
(602)-604-2189
swene@law-msh.com
Attorneys for Naco Water Company, LLC

RECEIVED

2013 DEC 11 P 4 26

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, CHAIRMAN
GARY PIERCE
BOB BURNS
SUSAN BITTER SMITH
BRENDA BURNS

Arizona Corporation Commission

DOCKETED

DEC 11 2013

DOCKETED BY

APPLICATION OF NACO WATER
COMPANY, LLC FOR A PERMANENT
INCREASE TO ITS WATER RATES

DOCKET NO: W-02860A-13-0399

AMENDED RATE APPLICATION

Naco Water Company, L.L.C. ("Company" or "Applicant"), hereby files an
Amended Rate Application.

SUPPORTING DOCUMENTATION

Pursuant to A.A.R. Rule 14-2-103, the Company submits the following revised
documentation in support of the proposed increase in rates and charges:

- Direct Testimony of Matthew Rowell (*see* Exhibit 1);
- Water Use Data Sheets (*see* Exhibit 2); and
- Plant Descriptions (*see* Exhibit 3).


1 **AMENDMENTS**

2 Below is a list of the schedules and pages that have been amended:

- 3
- 4 • B-2 Schedule;
 - 5 • F-1 Schedule;
 - 6 • H-3 Schedule (2 pages); and
 - 7 • Page 11 to Exhibit 3.
- 8

9 RESPECTFULLY SUBMITTED this 11th day of December, 2013.

10 **MOYES SELLERS & HENDRICKS LTD.**

11 
12 _____
13 Steve Wene

14

15

16 Original and 13 copies of the foregoing
17 filed this 11th day of December, 2013, with:

18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington
21 Phoenix, Arizona 85007

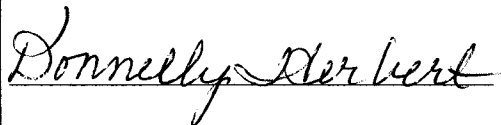
22 
23 _____

EXHIBIT 1

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 **COMMISSIONERS**

4 BOB STUMP, CHAIRMAN

5 GARY PIERCE

6 BRENDA BURNS

7 SUSAN BITTER SMITH

8 BOB BURNS

9 APPLICATION OF NACO WATER
10 COMPANY, LLC FOR A PERMANENT
11 INCREASE TO ITS WATER RATES

**DIRECT TESTIMONY OF
 MATTHEW ROWELL**

Table of Contents

I.	Introduction	2
II.	Rate Base	4
III.	Income Statement.....	4
IV.	Revenue Requirement	6
V.	Rate Design.....	7
VI.	Other Issues.....	11

I. Introduction

Q. Please state your name.

A. My name is Matthew Rowell.

Q. By whom are you employed and what is your position?

A. I am a managing member of Desert Mountain Analytical Services ("DMAS"), a consulting firm specializing in utility regulatory matters. In that capacity I have provided testimony regarding various utility regulatory issues before the Arizona Corporation Commission ("Commission").

Q. Please describe your background and qualifications.

A. A statement of my qualifications is included as Attachment 1 to this testimony.

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to present my analysis and recommendations concerning the development of Naco Water Company, LLC's ("Naco" or "Company") revenue requirement and rate design. This includes discussion of rate base and rate base adjustments, operating income and operating income adjustments, rate of return, required operating income, cash flow considerations, and rate design considerations.

Q. Please summarize the Company's proposal.

A. The Company proposes a \$50,083 increase in revenues, which is a 19.6% increase over adjusted test year revenues. The rate increase is necessary in order to get the

1 Company's Debt Service Coverage Ratio ("DSCR") above the minimum requirement of
2 WIFA and to allow for an adequate amount of free cash flow to cover contingencies.

3 **Q. What is the basis for your recommendations?**

4 A. I analyzed the Company's records to determine the adjusted revenues and
5 expenses during the test year ending December 31, 2012. I also calculated a reasonable
6 revenue requirement in order to ensure the Company can generate sufficient revenue to
7 pay ongoing operating expenses, the debt service on its two WIFA loans, and ongoing
8 system improvements and upgrades which will enable the Company to continue to
9 provide adequate and reliable water service to its customers. Based upon my analysis, I
10 have prepared the Schedules in accordance with A.A.C. Rule 14-2-103 that are set forth
11 in Attachment 2, which I adopt as part of my testimony.

12 **Q. Why is Naco filing a rate case at this time?**

13 A. Naco's loan agreement with WIFA, approved by the Commission, requires Naco
14 to maintain a DSCR of 1.2. On October 30, 2012, WIFA notified Naco that its DSCR
15 had fallen to 0.91. Thus, the revenue increase is necessary.

16 Part of the reason for the DSCR decline is that Naco is not reaching the revenue
17 requirement established in its last rate case. In Decision 69393 (March 22, 2007), the
18 Commission established a revenue requirement of \$316,605. *Naco has never attained*
19 *this projected level of revenue.* As the Company expected, after the implementation of
20 tiered rates in the last rate case a significant number of customers reduced their usage and
21 this has made it impossible for Naco to meet its authorized revenue requirement.
22 Consequently, Naco has not earned its authorized return and it has very little cash flow
23 available for contingencies. Significantly, the revenue requirement requested here is *less*
24 than the \$316,605 authorized in Naco's last rate case.

25 ////

26 ////

1 **II. Rate Base**

2 **Q. Please discuss Naco's rate base.**

3 A. I calculate Naco's rate base to be \$1,508,251. This is based on test year gross
4 utility plant in service of \$2,222,903, accumulated depreciation of \$670,808, AIAC of
5 \$20,753, adjusted CIAC of \$40,133, and customer deposits of \$8,950. Schedule B-1
6 shows the development of test year rate base.

7 **Q. Please discuss the adjustment to CIAC.**

8 A. In 2007, Phelps Dodge Corporation, the predecessor of Freeport McMoRan
9 ("Freeport") entered into a consent order with the Arizona Department of Environmental
10 Quality to address the formation of a sulfate plume in the aquifer underlying the mine
11 tailings impoundment. Two of Naco's water supply wells approximately three miles
12 down gradient from the tailings showed elevated levels of sulfate concentrations.
13 Consequently, Freeport began working with the Company to mitigate the impact of the
14 sulfate plume on the Company. On June 20, 2011, Freeport agreed to pay the capital
15 costs of replacing a significant amount of Naco's plant and allow the Company to pump
16 water from a well that was not drawing from the sulfate plume. Naco began receiving
17 reimbursements for capitalized costs associated with the replacement during the test year.
18 These reimbursements were booked as CIAC. However, the test year capitalized costs
19 the CIAC was specifically meant to reimburse were booked as CWIP. Those costs will
20 remain in CWIP until the replaced plant is in service. CWIP is not included in rate base.
21 So, without an adjustment, the test year rate base will incorporate the Freeport CAIC but
22 not the plant that CIAC was specifically used to fund. Schedule B-2a shows the
23 development of the \$302,441 adjustment to test year CIAC that corrects this issue.

24 **III. Income Statement**

25 **Q. Please discuss the adjustments made to the test year income statement.**

26 A. The adjustments to the income statement are summarized on Schedule C-2. Each
27 individual adjustment is summarized here:
28

1 Adjustment a.1 adds \$13,223 to test year revenue to account for adjustments made
2 due to end of year balance sheet corrections and plant adjustments and retirements from
3 Naco's previous rate case. Adjustment a.2 removes \$387 from revenue because it is the
4 amount billed to Naco's office. *See* Schedule C-2a.

5 Adjustment b adjusts property tax expense by \$4,931 to align property taxes with
6 adjusted levels of revenues and expense. *See* Schedule C-2b.

7 Adjustment c removes \$306 from below the line interest expense and includes it
8 above the line under account 427.2 Interest Expense – Customer Deposits. *See* Schedule
9 C-2c.

10 Adjustment d adds \$9,230 to expenses for rate case expense. *See* Schedule C-2d.

11 Adjustment e adds \$4,610 for recovery of income taxes. *See* Schedule C-2e and
12 the discussion below.

13 Adjustment f adjusts depreciation expense to remove the half year convention on
14 test year plant additions. The amount of the adjustment is \$94. *See* Schedule C-2f.

15 Adjustment g is a below the line adjustment to net income. It removes expenses of
16 \$87,582 booked as "extraordinary deductions." This was a non-recurring adjustment
17 made to account for prior year accounting issues with the balance sheet and depreciation.
18 *See* Schedule C-2g.

19 **Q. Please discuss Adjustment e for income taxes.**

20 A. Naco is an LLC and thus does not incur income taxes directly. However, any
21 income Naco generates for its owner is subject to income tax and the Commission has
22 recently recognized that recovery of income tax expense is appropriate for LLCs. From
23 discussions with Staff, I understand that the method for calculating income taxes for
24 LLC's is the same as that for corporations except the effective tax rate used will be a
25 weighted average of the Company's owners' effective personal income tax rate. Naco
26 only has one owner (Salim S. Dominguez, Jr.) so there is no need to calculate a weighted
27 average. Naco's sole owner indicates that his filing status is "married filing jointly" and
28 that his effective combined federal and state effective income tax rate is 15.97%. That

1 rate is used to develop the test year income tax adjustment e and the increase in income
2 tax expense associated with the proposed revenue increase. See Schedules C-1, C-2, and
3 C-2e.

4 The February 8, 2013 Policy Statement on Tax Expense approved in Decision
5 73739 also requires that taxes be calculated assuming Naco is a "stand-alone Subchapter
6 C corporation." The Policy Statement provides that the allowed taxes will be the lower
7 of those calculated using the owner's effective tax rate and those calculated assuming the
8 Company is a C corporation. The calculation of income taxes based on the assumption
9 that Naco is a C corporation is shown on Schedule C-2e page 2. The tax bill calculated
10 under the C corporation assumption is more than double the amount calculated using the
11 owner's effective tax rate. So, the amount used for ratemaking purposes is the amount
12 based on the owner's effective tax rate.

13 **IV. Revenue Requirement**

14 **Q. What is the revenue requirement you are recommending for Naco?**

15 A. I am recommending a revenue requirement of \$305,172. This is a \$50,083
16 increase over adjusted test year revenues of \$255,089. This is an increase of 20% over
17 adjusted test year revenues.

18 **Q. Please discuss how you developed the proposed revenue requirement for**
19 **Naco.**

20 A. I developed the proposed revenue requirement based on cash flow considerations.
21 Naco's cash flow needs to be sufficient to allow for WIFA's minimum required DSC of
22 1.2. To avoid the current situation where Naco has been unable to maintain a 1.2 DSCR,
23 additional cash flow support is necessary. Accordingly, I based the revenue requirement
24 on a free cash flow target. \$50,000 in free cash flow is an appropriate free cash flow
25 target for a company of Naco's size. This amount will allow for contingencies and
26 ensure that WIFA's minimum DSCR can be maintained over time. The revenue
27 requirement I am proposing allows for \$49,528 in free cash flow (assuming usage does
28 not continue to decline).

1 **Q. Please discuss the capital structure, cost of debt and cost of equity for Naco.**

2 A. Naco's actual capital structure is 72% debt and 28% equity. Naco's actual cost of
3 debt is 0.13% which is the weighted average of the interest rates on its two WIFA loans:
4 0% and 0.734%. Naco is not proposing any changes to its actual capital structure or cost
5 of debt.

6 Taking the capital structure and cost of debt as a given, and using a free cash flow target
7 to develop the revenue requirement, the cost of equity becomes a fall out number. A cost
8 of equity of 15.8% is necessary to produce adequate free cash flow given the capital
9 structure and cost of debt.

10 **Q. So you did not perform a formal cost of capital analysis.**

11 A. Correct. As stated above, with a cash flow target and with a capital structure and
12 cost of debt taken as a given, the cost of equity becomes a fall out number. Additionally,
13 requiring a company of Naco's small size to perform a formal cost of equity analysis is
14 an unreasonable burden and would needlessly complicate and add expense to the rate
15 case process. A return on equity in the 9-10% range that the Staff and Commission have
16 recommended and approved recently would produce a DSCR that is just barely enough to
17 satisfy WIFA's requirements. Given the historical decline in usage and revenue, basing
18 rates on a cost of equity in that range would likely result in another violation of WIFA's
19 requirements DSCR requirements in the near future. It would certainly result in a
20 violation of WIFA's requirements if any contingency occurred.

21 **V. Rate Design**

22 **Q. Please discuss the issues with the rate design approved for Naco in the**
23 **previous rate case.**

24 A. Prior to Naco's last rate case Naco had a two tier rate structure with the tier break
25 at 10,000 gallons for all meter sizes. In Decision 69393 the Commission established a
26 three tiered rate structure with tier breaks at 3,000 and 9,000 for customers on 5/8 by 3/4
27 inch and 3/4 inch meters and a two tier rate structure with progressively higher tier breaks
28

for the larger meter sizes. This rate structure put a large amount of the revenue recovery onto the higher tiers.

The three tiered rate structure had its intended effect and Naco's customers have conserved water. Comparing the bill count from the last rate case to the test year bill count reveals a significant decline in usage in the higher tiers. Looking at 5/8 by 3/4 inch and 3/4 inch meters alone, the bill count from the 2006 rate case reveal that there were 838 bills above 9,000 gallons during that case's test year. During the current 2012 test year there were only 428 bills above 9,000 gallons. So the number of bills in the top tier decreased by 49% since the new rates was implemented.¹

5/8 by 3/4 inch and 3/4 inch meters		
	2006 Application	2013 Application
Bills above 9,000 gallons	838	428

Since the rate design established in the last rate case explicitly assumed that consumption would not change, the dramatic decline in usage verified by the bill counts necessarily resulted in the Company being unable to achieve its authorized revenue requirement.

Q. Please describe the rate design you are proposing.

A. The Company proposes the following rate structure:

Monthly Usage Charge	
Meter Size	Rate
5/8" by 3/4"	36.81
3/4"	36.81
1"	71.54
1.5"	94.43
2"	110.11
3"	206.03
4"	326.21
6"	686.75

Commodity Rates		
5/8 by 3/4" and 3/4" meters		
Tier	Gallon Range	Rate
1	1 to 3,000	\$5.72
2	3,001 to 9,000	\$8.59
3	9,001 and above	\$10.32
1" and larger meters		
Tier	Gallon Range	Rate
1	1 to 30,000	\$8.59
2	30,001 and above	\$10.32

¹ A similar decline is seen with the larger meter sizes but the total numbers are much smaller. For 1" and larger meters there were 34 bills in the top tier in the 2006 bill count and there are 25 bills in the top tier in the 2012 bill count. Note that the gallon break for the top tier is different for each of these meter sizes.

1 **Q. How does this proposed rate structure compare to Naco's current rate**
2 **structure?**

3 A. The proposed rate structure is very similar to Naco's current rate structure. The
4 "meter multiples" that relate the monthly usage charges for the larger meter sizes to the
5 5/8 by 3/4" meter monthly usage charge have not been changed. Similarly, the ratios of
6 the second and third tier commodity rates to the first tier commodity rate are the same as
7 in the current rate structure. This means that the monthly minimums for each meter size
8 increase by the same percentage (14.5%) and the commodity rates at each tier increase by
9 the same amount (25.9%).

10 **Q. Why did you keep the current "meter multiples" for the monthly usage**
11 **charge?**

12 A. The current meter multiples are substantially less than the standard meter
13 multiples that are usually used. Applying the standard meter multiples would increase
14 the bills for customers on the larger meter sizes substantially. However, since there are
15 very few customers on the larger meter sizes the extra revenue generated by higher
16 monthly minimums for larger meter sizes is not significant enough to allow for a
17 meaningful mitigation of the increase on the 5/8 by 3/4" meter monthly minimum. So
18 shifting to the standard monthly minimum meter multiples would unnecessarily burden
19 the customers on the larger meters without providing a significant benefit to the rest of
20 the customers. Also, usage by the customers on the larger meters is relatively low so the
21 traditional justification for higher monthly minimum charges (high use customers put
22 more of a capacity burden on the system) does not apply.

23 **Q. Why did you apply an equal percentage increase to each commodity rate tier?**

24 A. As discussed above, conservation has been a significant issue for Naco. Putting a
25 higher percentage increase on the higher tiers will likely cause more conservation and
26 will exacerbate the negative revenue impact of any future conservation.

27 **Q. What percentage of revenue is generated by the monthly minimum charges**
28 **under current and proposed rates?**

1 A. Under current rates the monthly minimum charges generate 53% of Naco's
2 revenue. Under proposed rates the monthly minimum charges generate 50% of Naco's
3 revenue.

4 **Q. How is the proposed rate structure different than the current rate structure?**

5 A. The current rate structure has different tier breaks for each meter size that is 1" or
6 larger. The proposed rate structure uses a tier break at 30,000 gallons for all meter sizes
7 that are 1" or larger. Using a single tier break for the larger meter sizes greatly simplifies
8 the rate structure which will simplify the billing process. Additionally, only 20 (or 11%)
9 of the bills on the larger meter sizes fall above 30,000 gallons. Of those 20 bills only one
10 bill (on a 2" meter) will move from the first to second tiers. So the impact on customers
11 of adopting uniform tier breaks for the larger meters is minimal.

12 **Q. Please discuss conservation and how it relates to rate design.**

13 A. As discussed above, tiered rates have led to substantial conservation on the part of
14 Naco's customers which has prevented Naco from achieving its previously authorized
15 revenue requirement. In light of the decline in usage and failure to meet revenue
16 requirements a radical departure from the current rate structure could be justified. For
17 instance the adoption of a "declining usage adjustment" like the one recently approved
18 for Arizona Water's Northern Group would be justified. Alternatively, the abandonment
19 of tiered rates and adoption of a flat rate structure is also justified. Instead of pursuing
20 these radical but totally justifiable changes to the rate structure, Naco has proposed
21 simply to keep the status quo rate structure. Keeping the percentage of revenue generated
22 by the monthly minimum charge at 50% and applying an equal percentage increase to
23 each of the commodity rate tiers does not improve the situation but it also does not make
24 it worse. Adopting a rate structure that derives a lower percentage of revenue from the
25 monthly minimum charge or that assigns a greater percentage increase to the higher tiers
26 commodity rate than to the lower tiers (approaches Staff has employed in the past) would
27 be highly counterproductive and would demonstrate a complete disregard for the facts of
28 this case.

1 **VI. Other Issues**

2 **Q. Does the Company have any additional requests?**

3 A. Naco requests that new rates be effective at the beginning of the first billing cycle
4 following approval by the Commission rather than on a specific date. When rates
5 become effective during a billing cycle bills must be pro-rated which causes significant
6 administrative expenses that can be avoided.

7 **Q. Is this the end of your testimony?**

8 A. Yes.

ATTACHMENT 1

Matthew Rowell

PO Box 51628
Phoenix, AZ 85076
480 961 5484 or 602 762 0100
mattrowell@cox.net

Professional History

- **Desert Mountain Analytical Services, PLLC (DMAS) 2007 – Present**
Managing Member

DMAS is a small consulting firm specializing in utility finance, ratemaking and other regulatory issues. DMAS' clients range in size from large multinational corporations to small rural utilities.

- **Arizona Corporation Commission 1996 to 2007**

Chief Economist (July 2001 to February 2007)

Analyzed and produced testimony or staff reports on a wide variety of utility issues.
Supervised a staff of nine professionals with similar responsibilities.

Economist (October 1996 to July 2001)

Analyzed and produced testimony or staff reports on a wide variety of utility issues.

Education

- **Master of Science and ABD Economics, 1995, Arizona State University.**
Successfully completed all course work and exams necessary for a Ph.D. Course work included an emphasis in industrial organization and extensive experience with statistical analysis, public sector economics, and financial economics.
- **Bachelor of Science Economics, 1992, Florida State University.**
Minors: Philosophy, Statistics.

Certifications

Certified Rate of Return Analyst designation awarded by the Society of Utility and Regulatory Financial Analysts based on experience and successful completion of a written examination.

List of Specific Projects

Global Water Resources

Provided expert testimony regarding Global's cost of capital and rate consolidation. Created the bill-count data necessary for rate design. Consulted on the totality of schedules and testimony, Docket No. SW-20445A-12-0309.

Provided expert testimony regarding Global's financial viability and regulatory status before an arbitration panel. American Arbitration Association Case Nos. 76 198 Y 0104 11JMLE and 76 198 Y 0105 11 JMLE.

Provided strategic advice and analysis to Global re the ACC's ongoing water workshops.

Rate case testimony: Cost of Capital, Rate Consolidation, treatment of Infrastructure Coordination and Finance Agreements, Docket No. W-20446A-09-0080.

Prepared and sponsored testimony on Global's Notice of Intent to Restructure, Docket No. W-20446A-08-0247.

Provided strategic guidance regarding the Arizona Water complaint against Global, Docket No. W-01445A-06-0200.

Naco Water Company

In process of preparing all schedules and testimony necessary for a rate case application.

East Slope Water Company

Provided a valuation of East Slope Water Company for estate purposes.

Arizona Coalition for Water Energy and Jobs

Engaged to provide an expert report on the EPA's Best Available Retrofit Technology proposal for the Navajo Generation Station.

Cordes Lakes Water Company

Provided expert testimony regarding all aspects of Cordes Lake's rate case. Participated in the successful negotiation of a settlement with ACC Staff. Docket No. W-02060A-12-0356

Ray Water Company, Inc.

Provided expert testimony regarding Ray Water Company's cost of capital, Docket No. W-01380A-12-0254.

EPCOR Utilities, Inc.

Provided strategic advice on the Arizona regulatory environment as it relates to EPCOR's purchase of Arizona utilities.

Rio Rico Properties

Testimony in the Rio Rico Utilities rate case, Docket No. WS-02676A-09-0257.

Residential Utility Consumer Office

Testimony re affiliate relations in the Litchfield Park Service Company Rate Case, Docket No. SW-01428A-09-0103.

Other

Assisted with financial analysis, rate design and other rate case testimony and schedules for East Slope, Antelope Run, Indiada, Southland, Valle Verde and other small water companies.

ACC Staff

APS Rate Case E-01345A-05-0816: Provided testimony on staff's position on APS' proposed Environmental Improvement Charge. Also acted as the overall case manager and was responsible for coordinating all of staff's testimony.

APS Application to acquire a power plant in the Yuma area E-01345A-06-0464: Provided testimony detailing Staff's position on the application.

Southern California Edison's application to build a high voltage power line linking Arizona to Southern California L-00000A-06-0295-00130: Provided testimony detailing the potential economic effects of SCE's proposed power line.

Managed Staff's case (including negotiating a settlement agreement) in APS' 2003 rate case.

Negotiated (along with other Staff members) the settlement between staff and Qwest regarding three enforcement dockets.

Supervised the "independent monitor" of APS' and Tucson Electric Power's wholesale power procurement.

Staff's lead witness in the Commission's reevaluation of the electric competition rules which resulted in the suspension of APS' and TEP's obligation to divest their generation assets (E-00000A-02-0051.)

Acted as Chairman of the Commission's Water Task Force.

Accipiter's complaint against Cox Communications regarding the Vistancia development T-03471A-05-0064: Provided testimony regarding Accipiter's allegations concerning Cox's dealings with the developers of Vistancia.

Provided testimony on Qwest's noncompliance with the Commission's wholesale rate order.

Managed Staff's case regarding Qwest's alleged noncompliance with the Federal Telecommunications Act.

Supervised the testing of Qwest's operational support systems (OSS) and the development of Qwest's Performance Assurance Plan as part of Qwest's compliance with Section 271 of the Federal Telecommunications Act.

Provided testimony on the geographic de-averaging of Qwest's Unbundled Network Element prices.

ATTACHMENT 2

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule A-1
Title: Computation of Increase in Gross
Revenue Requirements

Explanation:
Schedule showing computation of increase in
gross revenue requirements and spread of revenue
increase by customer classification.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Special Reqmt ☐

Line	Original Cost	RCND
1 Adjusted Rate Base	\$ 1,508,251 (a)	(a)
2 Adjusted Operating Income	\$ 25,965 (b)	(b)
3 Current Rate of Return	1.72%	
4 Required Operating Income	\$ 67,363	
5 Required Rate of Return	4.47%	
6 Operating Income Deficiency (4 - 2)	\$ 41,398	
7 Gross Revenue Conversion Factor	1.210 (c)	(c)
8 Increase in Gross Revenue Requirements (6 x 7)	<u>\$ 50,083</u>	
9 <i>Cash Flow at Proposed Rates</i>		
10 Operating Income	\$ 67,363	
11 Depreciaton Expense	\$ 54,654	
12 Estimated Operating Cash (Line 10 + 11)	\$ 122,017	
13 Total Debt Service	\$ (72,489)	
14 Estimated Conditional Cash Flow (Line 12 + 13)	<u>\$ 49,528</u>	
15 Proposed Revenue	<u>\$ 305,172</u>	
16 Conditional Cash Flow as Percent of Revenue (Line 14/Line 15)	16%	
17 <i>Operating Margin at Proposed Rates</i>		
18 Operating Income	\$ 67,363	
19 Proposed Revenue	<u>\$ 305,172</u>	
20 Operating Margin (Line 18/Line 19)	22%	
21 <i>DSCR Calculation</i>		
22 Prosed Operating Income plus Depreciaton Expense	\$ 122,017	
23 Annual Debt Service	<u>\$ (72,489)</u>	
24 Debt Service Coverage Ratio (Line 22/Line 23)	1.68	

Customer Classification	Adjusted Revenue at Present Rates	Revenue at Proposed Rates	Projected Revenue Increase Due to Rates	% Dollar Increase
25 Residential	\$ 209,453	\$ 251,542	\$ 42,089	20.09%
26 Commercial	38,703	46,725	8,022	20.73%
27 Hydrant	-	-	-	0.00%
28 Other	6,924	6,924	-	0.00%
29 Total	<u>\$ 255,089</u>	<u>\$ 305,172</u>	<u>\$ 50,081</u>	<u>19.63%</u>

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

(a) B-1 (c) C-3

(b) C-1 (d) H-1

Naco Water Company

Docket No. W-01080A-13-

Test Year Ended December 31, 2012

Schedule A-2**Title: Summary Results of Operations****Explanation:**

Schedule showing comparative operating results for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

☒☐☐☐☐☐

Line	Description	<u>Prior Years</u>		<u>Test Year</u>		<u>Projected Year</u>	
		Year End	Year End	Actual	Adjusted	Present	Proposed
		31-Dec-10	31-Dec-11	Rates	Rates	Rates	Rates
		(a)	(a)	(a)	(b)	(c)	(c)
1	Gross Revenues	\$ 266,429	\$ 259,807	\$ 242,251	\$ 255,089	\$ 255,089	\$ 305,172
2	Revenue Deductions & Operating Expenses	(202,998)	(218,113)	(209,953)	(229,124)	(229,124)	(237,809)
3	Operating Income	\$ 63,431	\$ 41,694	\$ 32,298	\$ 25,965	\$ 25,965	\$ 67,363
4	Other Income and Deductions	(30,417)	(30,352)	6	6	6	6
5	Interest Expense	(33,385)	(31,270)	(2,023)	(1,717)	(1,717)	(1,717)
6	Net Income	\$ (371)	\$ (19,928)	\$ 30,281	\$ 24,254	\$ 24,254	\$ 65,652
7	Earned Per Average Common Share*	NA†	NA†	NA†	NA†		
8	Dividends Per Common Share*	NA†	NA†	NA†	NA†		
9	Payout Ratio*	NA†	NA†	NA†	NA†		
10	Return on Average Invested Capital	-0.02%	-1.12%	1.80%	1.44%	1.44%	3.90%
11	Return on Year End Capital	-0.02%	-1.18%	1.81%	1.45%	1.45%	3.93%
12	Return on Average Common Equity	-0.08%	-4.43%	6.95%	5.57%	5.57%	15.07%
13	Return on Year End Common Equity	-0.08%	-4.88%	6.55%	5.24%	5.24%	14.19%
14	Times Bond Interest Earned - Before Inc Tax	(0.14)	(0.60)	14.97	14.13	14.13	38.24
15	Times Total Interest and Preferred Dividends						
16	Earned - After Income Taxes	(0.01)	(0.64)	14.97	14.13	14.13	38.24

Supporting Schedules:

(a) E-2

(b) C-1

(c) F-1

*Optional for projected year

†Naco is an LLC and does not have "shares."

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule A-4
Title: Construction Expenditures and
Gross Utility Plant in Service

Explanation:
Schedule showing construction expenditures, plant placed
in service and gross utility plant in service for the test year
and the 2 fiscal years ended prior to the end of the test year,
compared with the projected year.

Required for:	All Utilities	<input checked="checked" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Line	Year	Construction Expenditures (a)	Net Plant Placed In Service (b)	Gross Utility Plant In Service
1	Prior Year 1 - 2010	\$ 3,607	(31,976)	\$ 1,555,023
2	Prior Year 2 - 2011	667,353	619,564	2,222,376
3	Test Year - 2012	527	(54,033)	2,222,903
4	Projected Year 1	1,039,047	971,376	3,261,950
5	Projected *			
6	Projected *			

* Required only for Class A and B Utilities

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) F-3
(b) E-5

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule B-1
Title: Summary of Original Cost
and RCND

Explanation:
Schedule showing elements of adjusted original cost
and RCND rate bases.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Line	Description	Original Cost Rate Base*	RCND Rate Base*
1	Gross Utility Plant in Service	\$ 2,222,903	
2	Less: Accumulated Depreciation	<u>(670,808)</u>	
3	Net Utility Plant in Service	\$ 1,552,095 (a)	(b)
4	Less:		
5	Advances in Aid of Construction	\$ (20,753) (c)	(c)
6	Contributions in Aid of Construction	(40,133) (c)	(c)
7	Customer Deposits	(8,950)	
8	Add:		
9	Amortization of Contributions	\$ 25,992	
10	Allowance for Working Capital	<u>-</u> (d)	(d)
11	Total Rate Base	<u><u>\$ 1,508,251</u></u> (e)	(e)

* Including pro forma adjustments

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule B-2 AMENDED
Title: Original Cost Rate Base
Proforma Adjustments

Explanation:
Schedule showing pro forma adjustments to gross plant
in service and accumulated depreciation for the original
cost rate base.

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Line Description	Actual at End Of Test Year (a)	Pro forma Adjustment	Adjusted at End Of Test Year (b)
1 Gross Utility Plant in Service	\$ 2,222,903		\$ 2,222,903
2 Less: Accumulated Depreciation	(670,808)		(670,808)
3 Net Utility Plant in Service	\$ 1,552,095		\$ 1,552,095
4 Less:			
5 Advances in Aid of Construction	\$ (20,753)		\$ (20,753)
6 Contributions in Aid of Construction	(342,574)	302,441 a	(40,133)
7 Customer Deposits	(8,950)		(8,950)
8 Plus:			
9 Amortization of Contributions	\$ 25,992		\$ 25,992
10 Allowance for Working Capital	-		-
11 Total Rate Base	\$ 1,214,760		\$ 1,508,251

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule B-2a
Calculation of Adjustment to CIAC

Calculation of Adjustment a to Test Year Contributions in Aid of Construction

Line	Description	Amount
1	Test Year Gross CIAC Total	\$ 342,574
2	Test Year Gross CIAC not associated with Freeport Settlement	40,133
3	Adjustment to Test Year Gross CIAC	\$ 302,441
4		
5	Note: The Test Year CIAC amortization balance does not reflect any amortization of the Freeport	
6	Settlement amounts and thus does not need to be adjusted.	

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule B-5
Title: Computation of Working
Capital

Explanation:
Schedule showing computation of working capital allowance.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Line	Description	Amount
1	Cash working capital	\$ -
2	Materials and Supplies Inventories	- (a)
3	Prepayments	- (a)
4	Total Working Capital Allowance	<u><u>\$ - (b)</u></u>

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules:
(a) E-1

Recap Schedules:
(b) B-1

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-1
Title: Adjusted Test Year Income
Statement

Explanation:
Schedule showing statement of income for the test year,
including pro forma adjustments.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Specd Reqmt ☐

Line	Acct	Description	Actual for Test Year Ended (a) 31-Dec-12	Proforma Adjustments (b)	Test Year Results After Pro Forma Adjustments	Proposed Rate Increase	Adjusted Test Year With Rate Increase
Revenues							
1	461	Metered Water Revenue	\$ 235,327	\$ 12,838	\$ 248,165	\$ 50,083	\$ 298,248
2	460	Unmetered Water Revenue	-	-	-	-	-
3	474	Other Water Revenue	6,924	-	6,924	-	6,924
4		Total Revenues	\$ 242,251		\$ 255,089	\$ 50,083	\$ 305,172
5							
Operating Expenses							
7	601	Salaries and Wages	\$ 16,712	\$ -	\$ 16,712	\$ -	\$ 16,712
8	604	Employee Pensions and Benefits	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-
10	615	Purchased Power	8,999	-	8,999	-	8,999
11	618	Chemicals	684	-	684	-	684
12	620	Materials & Supplies	8,127	-	8,127	-	8,127
13	621	Office Supplies and Expense	33,446	-	33,446	-	33,446
14	630	Outside Services	58,374	-	58,374	-	58,374
15	631	Contractual Services - Professional	-	-	-	-	-
16	635	Contractual Services - Testing	3,596	-	3,596	-	3,596
17	636	Contractual Services - Other	-	-	-	-	-
18	640	Rents	2,200	-	2,200	-	2,200
19	650	Transportation Expenses	6,073	-	6,073	-	6,073
20	567	Insurance - General Liability	5,165	-	5,165	-	5,165
21	659	Insurance - Health and Life	3,170	-	3,170	-	3,170
22	665	Regulatory Commission Expenses	63	-	63	-	63
		Regulatory Commission Expense Rate					
23	666	Case	-	9,230	9,230	-	9,230
24	670	Bad Debt Expense	-	-	-	-	-
25	675	Miscellaneous Expenses	-	-	-	-	-
26	403	Depreciation Expenses	54,560	94	54,654	-	54,654
27	408	Taxes Other Than Income	1,229	-	1,229	-	1,229
28	408.11	Property Taxes	7,555	4,931	12,486	818	13,304
29	409	Income Taxes	-	4,610	4,610	7,868	12,477
30	427.4	Interest Expense - Customer Deposits	-	306	306	-	306
31		Total Operating Expenses	\$ 209,953	\$ 19,171	\$ 229,124		\$ 237,809
32							
33		OPERATING INCOME/(LOSS)	\$ 32,298		\$ 25,965		\$ 67,363
34							
35		Other Income/(Expense)					
36	419	Interest and Dividend Income	\$ 6	\$ -	\$ 6	\$ -	\$ 6
37	421	Non-Utility Income	-	-	-	-	-
38	426	Interest Expense	(2,023)	306	(1,717)	-	(1,717)
39	427	Extraordinary Deductions	(87,582)	87,582	-	-	-
40		Total Other Income/(Expense)	\$ (89,599)	\$ 87,888	\$ (1,711)		\$ (1,711)
41							
42		NET INCOME/(LOSS)	\$ (57,301)		\$ 24,254		\$ 65,652
43							
CASH FLOW							
45		Add Depreciation Expense	54,560	94	54,654	-	54,654
46		Add Working Capital	-	-	-	-	-
47		Less Incremental Capital Expenditure	-	-	-	-	-
48		Add New Debt Principle In	-	-	-	-	-
49		Less Repayment of debt Principle	(70,778)	-	(70,778)	-	(70,778)
50							
51		FREE CASH FLOW	\$ (73,519)		\$ 8,130		\$ 49,528
52							
53		DSCR	-0.01		1.11		1.68
54							
55							
56							

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-2
(b) C-2a to C-2q

Recap Schedules:
(c) A-1

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2a
Title: Income Statement Proforma
Adjustments

DETAIL OF ADJUSTMENTS a.1 AND a.2 TO TEST YEAR REVENUE

Line	Description	Amount
1	End of year balance sheet corrections.	\$ 11,345
2	Plant adjustments and retirements from previous rate case.	1,879
3	Total Adjustment a.1 to Metered Water Revenue	\$ 13,223
4		
5	Removing amount billed to Naco Water's office.	(387)
6	Total Adjustment a.2 to Metered Water Revenue	\$ (387)

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2b
Title: Income Statement Proforma
Adjustments

OPERATING INCOME ADJUSTMENT #8 - PROPERTY TAX EXPENSE GRFC COMPONENT

LINE NO.	DESCRIPTION	[A] Test Year Adjusted	[B] At Required Revenue
1	Adjusted Test Year Revenues	\$ 255,089	\$ 255,089
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	510,177	510,177
4	Adjusted Test Year Revenues	255,089	
5	Required Revenue		305,172
6	Subtotal (Line 4 + Line 5)	765,266	815,349
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	255,089	271,783
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (Line 7 * Line 8)	510,177	543,566
11	Plus: 10% of CWIP	47	47
12	Less: Net Book Value of Licensed Vehicles	340	340
13	Full Cash Value (Line 10 + Line 11 - Line 12)	509,884	543,273
14	Assessment Ratio	20.0%	20.0%
15	Assessment Value (Line 13 * Line 14)	101,977	108,655
16	Composite Property Tax Rate	12.2439%	12.2439%
17	Test Year Adjusted Property Tax Expense (Line 15 * Line 16)	\$ 12,486	
18	Actual Property Tax Paid	\$ 7,555	
19	Test Year Adjustment (Line 17 - Line 18)	\$ 4,931	
20	Property Tax on Required Revenue (Line 15 * Line 16)		\$ 13,304
21	Test Year Adjusted Property Tax Expense (Line 17)		\$ 12,486
22	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 818
23	Increase in Property Tax Due to Increase in Revenue Requirement (Line 22)		\$ 818
24	Increase in Revenue Requirement		\$ 50,083
25	Increase in Property Tax Per Dollar Increase in Revenue (Line 23 / Line 24)		1.63253%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2c
Title: Income Statement Proforma
Adjustments

DETAIL OF ADJUSTMENT c TO TEST YEAR EXPENSES

Reclssifies Interest on Customer Deposits as an Operating Expense		
Line	Description	Amount
1	Test Year Interest Paid on Customer Deposits	\$ 306

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2d
Title: Income Statement Proforma
Adjustments

DETAIL OF ADJUSTMENT d TO RATE CASE EXPENSES

Line	Description	Amount
1	Estimated Rate Case Expenses	\$ 27,690
2	Amortization Period in years	<u>3</u>
3	Annual expense recovery	\$ 9,230
4	Subtract Actual Test Year Rate Case Expenses	<u>-</u>
5	Total Adjustment d	\$ <u>9,230</u>

CALCULATION OF ADJUSTMENT e TO INCOME TAX EXPENSES

Line	Description			
1	Test Year			
2	Operating Income/(Loss) Before Taxes	\$	30,574	
3	Add Interest Income		6	
4	Less Estimated Interest Expense		<u>(1,717)</u>	
5	Taxable Income	\$	28,864	
6	Effective Combined Federal and State Income Tax Rate		<u>15.97%</u>	
7	Total Income Tax Expense			\$ 4,610
8	Test Year income Tax Expense			<u>\$ -</u>
9	Total Adjustment e to Test Year Income Taxes			<u><u>\$ 4,610</u></u>
10				
11	At Proposed Rates			
12	Operating Income/(Loss) Before Taxes	\$	79,840	
13	Add Interest Income		6	
14	Less Estimated Interest Expense		<u>(1,717)</u>	
15	Taxable Income	\$	78,129	
16	Effective Combined Federal and State Income Tax Rate		<u>15.97%</u>	
17	Total Income Tax Expense			\$ 12,477
18	Adjusted Test Year income Tax Expense			<u>\$ 4,610</u>
19	Total Adjustment to Income Taxes at Proposed Rates			<u><u>\$ 7,868</u></u>

**CALCULATION OF ALTERNATIVE INCOME TAX EXPENSE BASED ON
ASSUMPTION THAT NACO IS A C CORPORATION**

This calculation is required by the February 8, 2013 Policy Statement approved in Decision 73739

Line

1	Operating Income Before Income Taxes (Schedule C-1 line 33 + 29)	\$ 79,840.13
2	Arizona Corporate Income Tax Rate	<u>6.97%</u>
3	Arizona Corporate Income Tax (Line 2 X Line 3)	\$ 5,563
4		
5	Federal Taxable Income (Line 1 - Line 3)	\$ 74,277
6	Federal Corporate Income Tax Rate	<u>\$7,500 + 25% of income above \$50,000</u>
7	Federal Corporate Income Tax (Apply formula on Line 6 to Line 5)	\$ 26,069
8		
9	Total Income Tax (State and Federal) (Line 3 + Line 7)	\$ 31,632

The amount calculated here is greater than the amount calculated on page 1 of Schedule C-2e (\$12,477) so the \$12,477 amount will be used.

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2f
Title: Income Statement Proforma
Adjustments

DETAIL OF PROPOSED ADJSUTMENT f to DEPRECIATION EXPENSE

This adjustment eliminates the half year convention for plant added during the test year.

Line	Account Number	Description	Plant @ End of Test Year 31-Dec-12	Proposed Depreciation Rate	Ref	Proposed Depreciation Expense
1	301	Organization	\$ 198	0.00%		\$ -
2	303	Land & Land Rights	4,345	0.00%		\$ -
3	304	Structures & Improvements	5,918	3.33%		\$ 197.07
4	307	Wells & Springs	128,561	3.33%		\$ 4,281.08
5	311	Pumping Equipment 1	194,487	12.50%	1	\$ 7,741.00
6	320	Water Treatment Equipment	1,824	3.33%		\$ 60.74
7	330	Distribution Reservoirs & Standpipes	137,771	2.22%		\$ 3,058.52
8	331	Transmission & Distribution Mains	1,498,997	2.00%		29,980
9	333	Services	136,839	3.33%		4,557
10	334	Meters & Meter Installations 2	46,800	8.33%	2	1,561
11	335	Hydrants	34,717	2.00%		694
12	339	Other Plant and Misc Equipment	-	6.67%		-
13	340	Office Furniture & Equipment	9,202	6.67%		-
14	340.1	Computers and Software	-	33.33%		-
15	341	Transportation Equipment	20,298	20.00%		4,060
16	343	Tools, Shop, and Garage Equipment	128	5.00%		6
17	345	Power Operated Equipment	2,818	5.00%		-
18	346	Communication Equipment	-	10.00%		-
19	347	Miscellaneous Equipment	-	10.00%		-
20	348	Other Tangible Plant	-	10.00%		-
21		Totals	\$ 2,222,903			\$ 56,196
22				Amortization of CIAC		\$ (1,541)
23				Adjusted Depreciation Expense		\$ 54,655
24				Test Year Depreciation Expense		54,561
25	Ref			Total Adjustment f		\$ 94
26	1	\$132,559 of the total is fully depreciated.				
27	2	\$28,060 of the total is fully depreciated.				

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-2g
Title: Income Statement Proforma
Adjustments

DETAIL OF ADJUSTMENT g TO NET INCOME

Line	Description	Amount
1	Adjustment for prior year accounting issues including balance sheet items and depreciaiton.	<u>87,582</u>

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule C-3
Title: Computation of Gross Revenue
Conversion Factor

Explanation:
Schedule showing incremental taxes on gross revenues and
the development of a gross revenue conversion factor.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Rqmt	<input type="checkbox"/>

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	17.3418%			
5	Subtotal (L3 - L4)	82.6582%			
6	Revenue Conversion Factor (L1 / L5)	1.209801			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	15.9700%			
9	One Minus Combined Income Tax Rate (L7 - L8)	84.0300%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
<u>Effective Combined Tax Rate of LLC's Owner:</u>					
12					
13					
14					
15					
16					
17	Combined Federal and State Income Tax Rate (See Testimony)	15.9700%			
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	15.9700%			
20	One Minus Combined Income Tax Rate (L18 - L19)	84.0300%			
21	Property Tax Factor (Schedule C-2b)	1.6325%			
22	Effective Property Tax Factor (L 21 * L 22)	1.3718%			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		17.3418%		
24	Required Operating Income (Schedule A-1)	\$ 67,363			
25	Adjusted Test Year Operating Income (Loss) (Schedule C-1)	\$ 25,965			
26	Required Increase in Operating Income (L24 - L25)		\$ 41,398		
27	Income Taxes on Recommended Revenue (Schedule C2e)	\$ 12,477			
28	Income Taxes on Test Year Revenue (Schedule C2e)	\$ 4,610			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 7,868		
30	Recommended Revenue Requirement	\$ 305,172			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		\$ -		
35	Property Tax with Recommended Revenue (Schedule C-2b)	\$ 13,304			
36	Property Tax on Test Year Revenue (Schedule C-2b)	\$ 12,486			
37	Increase in Property Tax Due to Increase in Revenue (Schedule C-2b)		\$ 818		
38	Total Required Increase in Revenue (L26 + L29 + L34+L37)		\$ 50,083		

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule D-1
Title: Summary Cost of Capital

Explanation:
Schedule showing elements of capital structure
and the related cost.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Speci Reqmt ☐

Line	Invested Capital	End of Test Year				End of Projected Year			
		Amount	%	Cost Rate (e)	Composite Cost %	Amount	%	Cost Rate (e)	Composite Cost %
1	Long-Term Debt (a)	\$ 1,208,258	72.31%	0.13%	0.09%	\$ 1,208,258	72.31%	0.13%	0.09%
2	Common Equity (c)	462,570	27.69%	15.80%	4.37%	462,570	27.69%	15.80%	4.37%
3	Totals	\$ 1,670,828	100.00%		4.47%	\$ 1,670,828	100.00%		4.47%

Supporting Schedules:

- (a) D-2
- (b) D-3
- (c) D-4
- (d) E-1

Recap Schedules:

- (e) A-3

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-1
Title: Comparative Balance
Sheet

Explanation:
Schedule showing comparative balance sheets at the end of the
test year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specd Reqmt	<input type="checkbox"/>

Line	Acct #	ASSETS	Test Year At 31-Dec-12	Prior Year 31-Dec-11	Prior Year 31-Dec-10
1		Property, Plant & Equipment: (a)			
2	101	Utility Plant In Service	\$ 2,222,903	\$ 2,222,376	\$ 1,555,023
3	103	Property Held for Future Use			689,026
4	105	Construction Work in Process	378,346	-	-
5	108	Accumulated Depreciation	(670,808)	(614,707)	(559,308)
6		Total Property Plant & Equipment	\$ 1,930,441	\$ 1,607,669	\$ 1,684,741
7		Current Assts:			
8	131	Cash	\$ 209,941	\$ 9,165	\$ 5,116
9	134	Working Funds	\$ -	\$ 166,943	\$ 152,055
10	135	Temporary Cash Investments	-	-	-
11	141	Customer Accounts Receivable	20,179	35,194	91,226
12	146	Notes/Receivables from Associated Companies	-	-	-
13	151	Plant Material and Supplies	-	-	-
14	162	Prepayments	-	-	-
15	174	Miscellaneous Current and Accrued Assets	-	(1,663)	2,414
16		Total Current Assets	\$ 230,120	\$ 209,639	\$ 250,811
17		TOTAL ASSETS	\$ 2,160,561	\$ 1,817,308	\$ 1,935,552
18		LIABILITIES and CAPITAL			
19		Capitalization: (b)			
20	201	Common Stock Issued	\$ -	\$ -	\$ -
21	211	Paid in Capital in Excess of Par Value	-	-	-
22	215	Retained Earnings	302,746	-	-
23	218	Proprietary Capital	159,824	408,464	491,528
24		Total Capital	\$ 462,570	\$ 408,464	\$ 491,528
25		Current Liabilities:			
26	231	Accounts Payable	\$ 141,197	\$ 57,007	\$ 85,023
27	232	Notes Payable (Current Portion)	-	-	-
28	234	Notes/Accounts Payable to Associated Companies	-	-	-
29	235	Customer Deposits	8,950	17,893	17,517
30	236	Accrued Taxes	1,474	3,884	3,472
31	237	Accrued Interest	-	-	-
32	241	Miscellaneous Current and Accrued Liabilities	779	19,000	19,000
33		Total Current Liabilities	\$ 152,400	\$ 97,784	\$ 125,012
34	224	Long-Term Debt (Over 12 Months)	\$ 1,208,258	\$ 1,287,375	\$ 1,383,673
35		Deferred Credits:			
36	252	Advances In Aid Of Construction	\$ 20,753	\$ 4,050	\$ 2,500
37	255	Accumulated Deferred Investment Tax Credits	-	-	-
38	271	Contributions In Aid Of Construction	342,574	40,133	40,133
39	272	Less: Amortization of Contributions	(25,992)	(20,498)	(19,465)
40	281	Accumulated Deferred Income Tax	-	-	-
41		Total Deferred Credits	\$ 337,335	\$ 23,685	\$ 23,168
42		Total Liabilities	\$ 1,697,993	\$ 1,408,844	\$ 1,531,853
43		TOTAL LIABILITIES and CAPITAL	\$ 2,160,563	\$ 1,817,308	\$ 2,023,381

Supporting Schedules:
(a) E-5

Recap Schedules:
(b) A-3

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-2
Title: Comparative Income
Statements

Explanation:
Schedule showing comparative income statements for the test
year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specd Reqmt	<input type="checkbox"/>

Line	Acct #		Test Year Ended 31-Dec-12	Prior Year Ended 31-Dec-11	Prior Year Ended 31-Dec-10
		Revenues: (a)			
1	461	Metered Water Revenue	\$ 235,327	\$ 256,357	\$ 260,939
2	460	Unmetered Water Revenue		-	-
3	474	Other Water Revenue	6,924	3,450	5,490
4		Total Revenues	\$ 242,251	\$ 259,807	\$ 266,429
5		Operating Expenses (a)			
6	601	Salaries and Wages	\$ 16,712	\$ 17,118	\$ 18,616
7	604	Employee Pensions and Benefits	-	-	-
8	610	Purchased Water	-	-	-
9	615	Purchased Power	8,999	10,062	10,610
10	618	Chemicals	684	1,180	1,132
11	620	Materials & Supplies	8,127	4,911	4,629
12	621	Office Supplies and Expense	33,446	6,772	6,654
13	630	Outside Services	58,374	51,453	84,069
14	631	Contractual Services - Professional		-	-
15	635	Contractual Services - Testing	3,596	3,617	5,673
16	636	Contractual Services - Other		-	-
17	640	Rents	2,200	2,600	2,000
18	650	Transportation Expenses	6,073	8,245	7,329
19	567	Insurance - General Liability	5,165	4,587	2,646
	659	Insurance - Health and Life	3,170	2,602	1,944
20	665	Regulatory Commission Expenses	63	-	-
21	670	Bad Debt Expense	-	-	-
22	675	Miscellaneous Expenses	-	39,304	-
23	403	Depreciation Expenses	54,560	47,789	35,583
24	408	Taxes Other Than Income	1,229	2,490	2,741
25	408.11	Property Taxes	7,555	16,657	15,167
26	409	Income Taxes	-	(1,274)	4,205
27	427.4	Interest Expense - Customer Deposits	-	-	-
28		Total Operating Expenses	\$ 209,953	\$ 218,113	\$ 202,998
28		OPERATING INCOME/(LOSS)	\$ 32,298	\$ 41,694	\$ 63,431
29		Other Income/(Expense)			
30	419	Interest and Dividend Income	\$ 6	\$ 6	\$ 8
31	421	Non-Utility Income	-	912	2,960
32	426	Interest Expense	(2,023)	(31,270)	(33,385)
33	427	Extraordinary Deductions	(87,582)	-	-
34		Total Other Income/(Expense)	\$ (89,599)	\$ (30,352)	\$ (30,417)
35		NET INCOME/(LOSS)	\$ (57,301)	\$ 11,342	\$ 33,014

Supporting Schedules:
(a) E-6

Recap Schedules:
A-2

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-5
Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Line	Account Number	Description	End of Prior Year at 31-Dec-11	Net Additions	End of Test Year at 31-Dec-12
1	302	Franchises	\$ 198	\$ -	\$ 198
2	303	Land & Land Rights	4,345	-	4,345
3	304	Structures & Improvements	5,918	-	5,918
4	307	Wells & Springs	128,561	-	128,561
5	311	Pumping Equipment	194,087	400	194,487
6	320	Water Treatment Equipment	1,824	-	1,824
7	320.1	Water Treatment Plants	-	-	-
8	320.2	Solution Chemical Feeders	-	-	-
9	330	Distribution Reservoirs & Standpipes	137,771	-	137,771
10	330.1	Storage Tanks	-	-	-
11	330.2	Pressure Tanks.	-	-	-
12	331	Transmission & Distribution Mains	1,501,072	(2,075)	1,498,997
13	333	Services	136,839	-	136,839
14	334	Meters & Meter Installations	44,598	2,202	46,800
15	335	Hydrants	34,717	-	34,717
16	339	Other Plant and Misc Equipment	-	-	-
17	340	Office Furniture & Equipment	9,202	-	9,202
18	340.1	Computers and Software	-	-	-
19	341	Transportation Equipment	20,298	-	20,298
20	343	Tools, Shop, and Garage Equipment	128	-	128
21	345	Power Operated Equipment	2,818	-	2,818
22	348	Other Tangible Plant	-	-	-
23		Total Plant In Service	\$ 2,222,376	\$ 527	\$ 2,222,903
24	108	Accumulated Depreciation	(614,707)	(56,101)	(670,808)
25		Net Plant In Service	\$ 1,607,669	\$ (55,574)	\$ 1,552,095
26	103	Property Held for Future Use	-	-	-
27	105	Construction Work in Process	-	378,346	378,346
28		Total Net Plant	\$ 1,607,669	\$ 322,772	\$ 1,930,441

Supporting Schedules:

Recap Schedules:
E-1 A-4

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-7
Title: Operating Statistics

Explanation:
Schedule showing key operating statistics in comparative format,
for the test year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specd Reqmt	<input type="checkbox"/>

Line	Water Statistics:	Test Year Ended 31-Dec-12	Prior Year Ended 31-Dec-11	Prior Year Ended 31-Dec-10
1	Gallons Sold - By Class of Service:			
2	Residential	16,705,751	17,891,193	18,303,212
3	Commercial	2,837,460	3,038,807	3,108,788
4	Average Number of Customers - By Class of Service:			
5	Residential	294	289	295
6	Commercial	24	24	24
7	Average Annual Gallons Per Residential Customer	56,822	61,885	62,119
8	Average Annual Revenue Per Residential Customer	\$ 718	\$ 725.89	\$ 727.49
9	Pumping Cost Per 1,000 Gallons	\$ 0.46	\$ 0.48	\$ 0.50

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-8
Title: Taxes Charged to
Operations

Explanation:
Schedule showing all significant taxes charged to operations for
the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Line	Description	Test Year Ended 31-Dec-12	Prior Year Ended 31-Dec-11	Prior Year Ended 31-Dec-10
1	Federal Taxes:			
2	Income	\$ -	\$ -	\$ -
3	Payroll	1,166	1,235	1,381
4	Total Federal Taxes	\$ 1,166	\$ 1,235	\$ 1,381
5	State Taxes:			
6	Income	\$ -	\$ -	\$ -
7	Payroll	63	1	1
8	Total State Taxes	\$ 63	\$ 1	\$ 1
9	Local Taxes:			
10	Property	\$ 7,555	\$ 16,657	\$ 15,167
11	Total Local Taxes	7,555	16,657	15,167
12	Total Taxes	\$ 8,784	\$ 17,894	\$ 16,549

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules:

Recap Schedules:

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule E-9
Title: Notes to Financial
Statements

Explanation:

Disclosure of important facts pertaining to the understanding
of the financial statements.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specd Reqmt	<input type="checkbox"/>

Disclosures should include, but not be limited to the following:

1 Accounting Method.

Accrual basis using the NARUC USoA.

2 Depreciation lives and methods employed by major classification of utility property.

**Proposed depreciation rates are depicted on Schedule C-2f and were
taken from ACC Engineering Staff Memo regarding their
recommended rates for depreciation.**

3 Income tax treatment - normalization or flow through.

Normilization per the February 8, 2013 Policy Statement approved in Decision 73739.

4 Interest rate used to charge interest during construction, if applicable.

Not Applicable.

Supporting Schedules:

Recap Schedules:

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule F-1 AMENDED
Title: Projected Income Statements -
Present and Proposed Rates

Explanation:
Schedule showing an income statement for the projected year,
compared with actual test year results, at present and proposed
rates.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Line		Actual Test Year Ended (a) 31-Dec-12	Projected Year		Year Ended (b) 31-Dec-13	Year Ended (b) 31-Dec-13
			At Present Rates	At Proposed Rates		
	Operating Revenues:					
1	461 Metered Water Revenue	\$ 235,327	\$ 248,165	\$ 298,248		
2	460 Unmetered Water Revenue	-	-	-		
3	474 Other Water Revenue	6,924	6,924	6,924		
4	Total Revenues	\$ 242,251	\$ 255,089	\$ 305,172		
5	Operating Expenses (a)					
6	601 Salaries and Wages	\$ 16,712	\$ 16,712	\$ 16,712		
7	604 Employee Pensions and Benefits	-	-	-		
8	610 Purchased Water	-	-	-		
9	615 Purchased Power	8,999	8,999	8,999		
10	618 Chemicals	684	684	684		
11	620 Materials & Supplies	8,127	8,127	8,127		
12	621 Office Supplies and Expense	33,446	33,446	33,446		
13	630 Outside Services	58,374	58,374	58,374		
14	631 Contractual Services - Professional	-	-	-		
15	635 Contractual Services - Testing	3,596	3,596	3,596		
16	636 Contractual Services - Other	-	-	-		
17	640 Rents	2,200	2,200	2,200		
18	650 Transportation Expenses	6,073	6,073	6,073		
19	567 Insurance - General Liability	5,165	5,165	5,165		
20	659 Insurance - Health and Life	3,170	3,170	3,170		
21	665 Regulatory Commission Expenses	63	63	63		
22	666 Regulatory Commission Expense Rate Case	-	-	9,230		
23	670 Bad Debt Expense	-	-	-		
24	675 Miscellaneous Expenses	-	-	-		
25	403 Depreciation Expenses	54,560	54,654	54,654		
26	408 Taxes Other Than Income	1,229	1,229	1,229		
27	408.1 Property Taxes	7,555	12,486	13,304		
28	409 Income Taxes	-	4,610	12,477		
29	427.4 Interest Expense - Customer Deposits	-	-	306		
30	Total Operating Expenses	\$ 209,953	\$ 219,587	\$ 237,809		
31	OPERATING INCOME/(LOSS)	\$ 32,298	\$ 35,501	\$ 67,363		
32	Other Income/(Expense)		\$ -	\$ -		
33	419 Interest and Dividend Income	6	6	6		
34	421 Non-Utility Income	-	-	-		
35	426 Interest Expense	(2,023)	(1,717)	(1,717)		
36	427 Extraordinary Deductions	(87,582)	(1,711)	(1,711)		
37	Total Other Income/(Expense)	\$ (89,599)	\$ (3,421)	\$ (3,421)		
38	NET INCOME/(LOSS)	\$ (57,301)	\$ 32,080	\$ 63,942		
39						
40	Earnings per share of average					
41	Common Stock Outstanding*	NA	NA	NA		
42	% Return on Common Equity	-12.4%	6.9%	13.8%		

* Naco is an LLC and thus does not have Commons Stock Outstanding.

Supporting Schedules:
(a) E-2

Recap Schedules:
(b) A-2

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule F-3
Title: Projected Construction
Requirements

<p>Explanation: Schedule showing projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year compared with the test year.</p>	<p>Required for: All Utilities Class A Class B Class C Class D Spec'l Reqmt</p>	<table border="1" style="border-collapse: collapse; width: 30px;"> <tr><td> </td></tr> <tr><td>X</td></tr> <tr><td>X</td></tr> <tr><td>X</td></tr> <tr><td>X</td></tr> <tr><td> </td></tr> </table>		X	X	X	X		<p>3 yrs projected 1 yrs projected</p>
X									
X									
X									
X									

Line	Property Classification	Actual Test Year Ended 12/31/2012	End of Projected Year 1
1	Production Plant	\$ 400	\$ 352,240
2	Transmission Plant	(2,075)	686,807
3	Other Plant	2,202	-
4	Total Plant	\$ 527	\$ 1,039,047

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule F-4
Title: Assumptions Used in
Developing Projection

Explanation:
Documentation of important assumptions used in preparing
forecasts and projections

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Important assumptions used in preparing projections should be explained.

Areas covered should include:

- 1 Customer growth

Projections were prepared under the assumption of zero customer growth.

- 2 Growth in consumption and customer demand

Consumer demand has declined each year for the past three years. However, for purposes of preparing projections consumption is assumed to be stable. This is a simplifying assumption meant to reduce the complexity of the application.

- 3 Changes in expenses

The Company believes the 2012 Test Year, with the proforma adjustments included in this application, accurately depict expense levels for the utility going forward (other than general inflationary effects.)

- 4 Construction requirements including production reserves and changes in plant capacity

Significant plant additons as detailed in Schedule F-3 will come on line in the upcoming months. These plant additions are the result of Freeport-McMoRan's agreement to replace a contaminated well. Replacement of the well necessitates building transmission plant in order to access the new well.

- 5 Capital structure changes

The amount of debt and equity is not expected to change significantly. The plant additions associated with the Freeport settlement will be funded with CIAC.

- 6 Financing costs, interest rates

Naco has two loans with WIFA: Loan Number 920124-08 with a balance of \$993,990 at year end 2012 and interest rate of 0% and WIFA Administrative Fees of \$20,266 in 2012 and \$26,560 in 2013. Loan Number 922022-99 with a balance of 208,956 at year end 2012 and an interest rate of 7.35% and WIFA Administrative fees of \$7,046 in 2012 and \$5,816 in 2013.

Supporting Schedules:

Recap Schedules:

Naco Water Company

Docket No. W-01380A-12-

Test Year Ended December 31, 2011

Schedule H-1**Title: Summary of Revenues by Customer
Classification - Present and Proposed Rates****Explanation:**Schedule comparing revenues by customer classification for
the Test Year, at present and proposed rates.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Line	Customer Classification	Adjusted Present Rates	Proposed Rates	Proposed Increase (b)	
				Amount	%
	<i>Residential</i>				
1	5/8 by 3/4-inch	\$ 208,074	\$ 249,933	\$ 41,859	20.12%
2	3/4-inch	629	750	121	19.27%
3	1-inch	750	858	108	14.46%
4	<i>Total Residential</i>	\$ 209,453	\$ 251,542	\$ 42,089	20.09%
5	<i>Commercial</i>				
6	5/8 by 3/4-inch	\$ 10,544	\$ 12,417	\$ 1,874	17.77%
7	1-inch	5,939	7,021	1,082	18.23%
8	1 1/2-inch	1,351	1,589	238	17.61%
9	2-inch	20,335	24,848	4,512	22.19%
10	3-inch	534	850	316	59.22%
11	<i>Total Commercial</i>	\$ 38,703	\$ 46,725	\$ 8,022	20.73%
12	Hydrant Sales	-	-	-	0.00%
13	Total Metered Water Revenue	\$ 248,156	\$ 298,267	\$ 50,111	20.19%
14	Other Revenue	6,924	6,924	-	0.00%
15	<i>Total Revenue</i>	<u>\$ 255,080</u>	<u>\$ 305,191</u>	<u>\$ 50,111</u>	<u>19.65%</u>
16					
17					

Note: For combination utilities, above information should be presented in total and by department.

Explanation:
Schedule comparing present rate schedule to proposed
rate schedule.

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

Monthly Usage Charge

	Present Rate	Proposed Rate	% Change
5/8th by 3/4" Meters	32.16	36.81	14%
3/4" Meters	32.16	36.81	14%
1" Meters	62.50	71.54	14%
1.5" Meters	82.50	94.43	14%
2" Meters	96.20	110.11	14%
3" Meters	180.00	206.03	14%
4" Meters	285.00	326.21	14%
6" Meters	600.00	686.75	14%

Commodity Charges

	Present Rates			Proposed Rates			% Change
	Tier Breaks	Rate		Tier Breaks	Rate		
5/8th by 3/4" Meters	1 to 3,000	4.54		1 to 3,000	5.72		26%
(Residential)	3001 to 9,000	6.82		3001 to 9,000	8.59		26%
	over 9,000	8.19		over 9,000	10.32		26%
3/4" Meters	1 to 3,000	4.54		1 to 3,000	5.72		26%
(Residential)	3001 to 9,000	6.82		3001 to 9,000	8.59		26%
	over 9,000	8.19		over 9,000	10.32		26%
5/8th by 3/4" Meters	1 to 9,000	6.82		1 to 3,000	5.72		-16% *
(Commercial)	over 9,000	8.19		3001 to 9,000	8.59		5% *
				over 9,000	10.32		26% *
3/4" Meters	1 to 9,000	6.82		1 to 3,000	5.72		-16% *
(Commercial)	over 9,000	8.19		3001 to 9,000	8.59		5% *
				over 9,000	10.32		26% *
1" Meters	1 to 18,000	6.82		1 to 30,000	8.59		26% *
(Residential & Commercial)	over 18,000	8.19		over 30,000	10.32		26% *
1.5" Meters	1 to 30,000	6.82		1 to 30,000	8.59		26%
(Residential & Commercial)	over 30,000	8.19		over 30,000	10.32		26%
2" Meters	1 to 35,000	6.82		1 to 30,000	8.59		26% *
(Residential & Commercial)	over 35,000	8.19		over 30,000	10.32		26% *
3" Meters	1 to 93,000	6.82		1 to 30,000	8.59		26% *
(Residential & Commercial)	over 93,000	8.19		over 30,000	10.32		26% *
4" Meters	1 to 150,000	6.82		1 to 30,000	8.59		26% *
(Residential & Commercial)	over 150,000	8.19		over 30,000	10.32		26% *
6" Meters	1 to 300,000	6.82		1 to 30,000	8.59		26% *
(Residential & Commercial)	over 300,000	8.19		over 30,000	10.32		26% *

*Note: For meter sizes where the proposed Tier Breaks are changing the percent change does not reflect the % change across all usage levels. It is simply the percent change in the rate.

Service Line and Meter Installation Charges					
	Present Rate	Proposed Rate		% Change	
		Service Line	Meter Installation	Total	
5/8th by 3/4" Meters	450.00	490.00	131.50	621.50	38%
3/4" Meters	475.00	490.00	232.50	722.50	52%
1" Meters	550.00	547.00	293.00	840.00	53%
1.5" Meters	775.00	609.50	505.50	1,115.00	44%
2" Meters	1,375.00	927.00	1,030.50	1,957.50	42%
3" Meters	1,975.00	1,171.00	1,661.50	2,832.50	43%
4" Meters	3,040.00	1,661.00	2,646.50	4,307.50	42%
6" Meters	5,635.00	2,478.50	5,025.50	7,504.00	33%

Service Charges			
	Present Rate	Proposed Rate	% Change
Establishment	\$ 30.00	\$ 30.00	0%
Establishment (After Hours)	40.00	Eliminate	NA
Reconnection (Delinquent)	30.00	30.00	0%
Reconnection (After Hours)	40.00	Eliminate	NA
After Hours Service Charge	NA	35.00	NA
Meter Test (If Correct)	30.00	30.00	0%
Deposit	*	*	0%
Deposit Interest	*	*	0%
Reestablishment (Within 12 months)	**	**	0%
Reestablishment (After Hours)	**	Eliminate	NA
NSF Check	20.00	20.00	0%
Deferred Payment per month	1.5% of	1.5% of	
	Outstanding Balance	Outstanding Balar	0%
Meter Reread (if correct)	15.0	15.0	0%
Moving Customer Meter at Customer request per rule R14-2-405B	Cost	Cost	0%

*Per Commission Rule AAC R-14-2-403(B)

**Months off system times the monthly minimum per Commission rule AAC R14-2-403(D).

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, use, and franchise tax. Per Commission Rules 14-2-409(D)(5).

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 1 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.
5/8" by 3/4" Meters

Required for: All Utilities ☒ X
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	4000	52.60	62.56	19%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	32.16	36.81	14%
1,000	36.70	42.53	16%
2,000	41.24	48.25	17%
3,000	45.78	53.97	18%
4,000	52.60	62.56	19%
5,000	59.42	71.16	20%
6,000	66.24	79.75	20%
7,000	73.06	88.34	21%
8,000	79.88	96.93	21%
9,000	86.70	105.53	22%
10,000	94.89	115.84	22%
15,000	135.84	167.44	23%
20,000	176.79	219.03	24%
25,000	217.74	270.62	24%
50,000	422.49	528.59	25%
75,000	627.24	786.56	25%
100,000	831.99	1,044.53	26%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 2 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.
3/4" Meters

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec. Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	3030.00	45.98	54.23	19%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	32.16	36.81	14%
1,000	36.70	42.53	16%
2,000	41.24	48.25	17%
3,000	45.78	53.97	18%
4,000	52.60	62.56	19%
5,000	59.42	71.16	20%
6,000	66.24	79.75	20%
7,000	73.06	88.34	21%
8,000	79.88	96.93	21%
9,000	86.70	105.53	22%
10,000	94.89	115.84	22%
15,000	135.84	167.44	23%
20,000	176.79	219.03	24%
25,000	217.74	270.62	24%
50,000	422.49	528.59	25%
75,000	627.24	786.56	25%
100,000	831.99	1,044.53	26%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 3 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.

1" Meters

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	4290.00	91.76	108.40	18%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	62.50	71.54	14%
1,000	69.32	80.13	16%
2,000	76.14	88.72	17%
3,000	82.96	97.31	17%
4,000	89.78	105.91	18%
5,000	96.60	114.50	19%
6,000	103.42	123.09	19%
7,000	110.24	131.69	19%
8,000	117.06	140.28	20%
9,000	123.88	148.87	20%
10,000	130.70	157.46	20%
15,000	164.80	200.43	22%
20,000	201.64	243.39	21%
25,000	242.59	286.35	18%
50,000	447.34	449.76	1%
75,000	652.09	707.73	9%
100,000	856.84	965.70	13%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 4 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.

1.5" Meters

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	4100.00	110.46	129.66	17%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	82.50	94.43	14%
1,000	89.32	103.02	15%
2,000	96.14	111.61	16%
3,000	102.96	120.21	17%
4,000	109.78	128.80	17%
5,000	116.60	137.39	18%
6,000	123.42	145.98	18%
7,000	130.24	154.58	19%
8,000	137.06	163.17	19%
9,000	143.88	171.76	19%
10,000	150.70	180.35	20%
15,000	184.80	223.32	21%
20,000	218.90	266.28	22%
25,000	253.00	309.24	22%
50,000	450.90	472.65	5%
75,000	655.65	730.62	11%
100,000	860.40	988.59	15%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 5 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.

2" Meters

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	4100.00	124.16	145.34	17%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	96.20	110.11	14%
1,000	103.02	118.70	15%
2,000	109.84	127.29	16%
3,000	116.66	135.89	16%
4,000	123.48	144.48	17%
5,000	130.30	153.07	17%
6,000	137.12	161.67	18%
7,000	143.94	170.26	18%
8,000	150.76	178.85	19%
9,000	157.58	187.44	19%
10,000	164.40	196.04	19%
15,000	198.50	239.00	20%
20,000	232.60	281.96	21%
25,000	266.70	324.92	22%
50,000	457.75	488.34	7%
75,000	662.50	746.30	13%
100,000	867.25	1,004.27	16%

Naco Water Company
Docket No. W-01080A-13-
Test Year Ended December 31, 2012

Schedule H-4
Typical Bill Analysis
Page 6 of 6

Explanation:
Schedule(s) comparing typical customer bills at
varying consumption levels at present and proposed rates.

2" Meters

Required for: All Utilities ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Spec'l Reqmt ☐

	Gallons	Present Bill	Proposed Bill	Percent Increase
Median Usage	4100.00	207.96	241.26	16%

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	180.00	206.03	14%
1,000	186.82	214.62	15%
2,000	193.64	223.21	15%
3,000	200.46	231.80	16%
4,000	207.28	240.40	16%
5,000	214.10	248.99	16%
6,000	220.92	257.58	17%
7,000	227.74	266.17	17%
8,000	234.56	274.77	17%
9,000	241.38	283.36	17%
10,000	248.20	291.95	18%
15,000	282.30	334.92	19%
20,000	316.40	377.88	19%
25,000	350.50	420.84	20%
50,000	521.00	584.25	12%
75,000	691.50	842.22	22%
100,000	871.59	1,100.19	26%

Explanation:
Schedule(s) showing billing activity by block for each rate
schedule.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqm't	<input type="checkbox"/>

5/8 x 3/4-Inch Meter - RESIDENTIAL

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	170	0	170	4.92%	0	0.00%
2	1 1000	432	216,216	602	17.42%	216,216	1.30%
3	1001 2000	369	553,685	971	28.10%	769,901	4.64%
4	2001 3000	354	885,177	1,325	38.34%	1,655,078	9.98%
5	3001 4000	407	1,424,704	1,732	50.12%	3,079,781	18.57%
6	4001 5000	410	1,845,205	2,142	61.98%	4,924,986	29.69%
7	5001 6000	308	1,694,154	2,450	70.89%	6,619,140	39.91%
8	6001 7000	251	1,631,626	2,701	78.15%	8,250,766	49.74%
9	7001 8000	201	1,507,601	2,902	83.97%	9,758,366	58.83%
10	8001 9000	162	1,377,081	3,064	88.66%	11,135,447	67.14%
11	9001 10000	100	950,050	3,164	91.55%	12,085,497	72.87%
12	10001 12000	106	1,166,053	3,270	94.62%	13,251,550	79.90%
13	12001 14000	60	780,030	3,330	96.35%	14,031,580	84.60%
14	14001 16000	45	675,023	3,375	97.66%	14,706,603	88.67%
15	16001 18000	25	425,013	3,400	98.38%	15,131,615	91.23%
16	18001 20000	18	342,009	3,418	98.90%	15,473,624	93.29%
17	20001 25000	18	405,009	3,436	99.42%	15,878,633	95.73%
18	25001 30000	7	192,504	3,443	99.62%	16,071,137	96.89%
19	30001 35000	5	162,503	3,448	99.77%	16,233,639	97.87%
20	35001 40000	2	75,001	3,450	99.83%	16,308,640	98.33%
21	40001 45000	3	127,502	3,453	99.91%	16,436,142	99.10%
22	45001 50000	2	95,001	3,455	99.97%	16,531,143	99.67%
23	50001 60000	1	55,001	3,456	100.00%	16,586,143	100.00%
24	60001 70000	0	0	3,456	100.00%	16,586,143	100.00%
25	70001 80000	0	0	3,456	100.00%	16,586,143	100.00%
26	80001 90000	0	0	3,456	100.00%	16,586,143	100.00%
27	90001 100000	0	0	3,456	100.00%	16,586,143	100.00%
28	TOTALS	3456	16,586,143	3456		16,586,143	
29							
30	Average Number of Customers:			288			
31							
32	Average Consumption:			4,785			
33							
34	Median Consumption:			4,000			

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities ☒ X
Class A ☐
Class B ☐
Class C ☐
Class D ☐
Specd Reqmt ☐

3/4-Inch Meter -RESIDENTIAL

Line Number	Block		Number of Bills by Block	Consumption by Blocks	Cummulative Bills		Cummulative Consumption	
					No.	% of Total	Amount	% of Total
1	0	0	0	0	0	0.00%	0	0.00%
2	1	1000	0	0	0	0.00%	0	0.00%
3	1001	2000	3	4,502	3	25.00%	4,502	9.89%
4	2001	3000	3	7,502	6	50.00%	12,003	26.38%
5	3001	4000	2	7,001	8	66.67%	19,004	41.76%
6	4001	5000	1	4,501	9	75.00%	23,505	51.65%
7	5001	6000	2	11,001	11	91.67%	34,506	75.83%
8	6001	7000	0	0	11	91.67%	34,506	75.83%
9	7001	8000	0	0	11	91.67%	34,506	75.83%
10	8001	9000	0	0	11	91.67%	34,506	75.83%
11	9001	10000	0	0	11	91.67%	34,506	75.83%
12	10001	12000	1	11,001	12	100.00%	45,506	100.00%
13	12001	14000	0	0	12	100.00%	45,506	100.00%
14	14001	16000	0	0	12	100.00%	45,506	100.00%
15	16001	18000	0	0	12	100.00%	45,506	100.00%
16	18001	20000	0	0	12	100.00%	45,506	100.00%
17	20001	25000	0	0	12	100.00%	45,506	100.00%
18	25001	30000	0	0	12	100.00%	45,506	100.00%
19	30001	35000	0	0	12	100.00%	45,506	100.00%
20	35001	40000	0	0	12	100.00%	45,506	100.00%
21	40001	45000	0	0	12	100.00%	45,506	100.00%
22	45001	50000	0	0	12	100.00%	45,506	100.00%
23	50001	60000	0	0	12	100.00%	45,506	100.00%
24	60001	70000	0	0	12	100.00%	45,506	100.00%
25	70001	80000	0	0	12	100.00%	45,506	100.00%
26	80001	90000	0	0	12	100.00%	45,506	100.00%
27	90001	100000	0	0	12	100.00%	45,506	100.00%
28	TOTALS		12	45,506	12		45,506	
29								
30	Average Number of Customers:				1			
31								
32	Average Consumption:				3,785			
33								
34	Median Consumption:				3,030			

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities

Class A

Class B

Class C

Class D

Specd Reqmt

X

1-Inch Meter -RESIDENTIAL:

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cummulative Bills		Cummulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	12	0	12	100.00%	0	100.00%
2	1 1000	0	0	12	100.00%	0	100.00%
3	1001 2000	0	0	12	100.00%	0	100.00%
4	2001 3000	0	0	12	100.00%	0	100.00%
5	3001 4000	0	0	12	100.00%	0	100.00%
6	4001 5000	0	0	12	100.00%	0	100.00%
7	5001 6000	0	0	12	100.00%	0	100.00%
8	6001 7000	0	0	12	100.00%	0	100.00%
9	7001 8000	0	0	12	100.00%	0	100.00%
10	8001 9000	0	0	12	100.00%	0	100.00%
11	9001 10000	0	0	12	100.00%	0	100.00%
12	10001 12000	0	0	12	100.00%	0	100.00%
13	12001 14000	0	0	12	100.00%	0	100.00%
14	14001 16000	0	0	12	100.00%	0	100.00%
15	16001 18000	0	0	12	100.00%	0	100.00%
16	18001 20000	0	0	12	100.00%	0	100.00%
17	20001 25000	0	0	12	100.00%	0	100.00%
18	25001 30000	0	0	12	100.00%	0	100.00%
19	30001 35000	0	0	12	100.00%	0	100.00%
20	35001 40000	0	0	12	100.00%	0	100.00%
21	40001 45000	0	0	12	100.00%	0	100.00%
22	45001 50000	0	0	12	100.00%	0	100.00%
23	50001 60000	0	0	12	100.00%	0	100.00%
24	60001 70000	0	0	12	100.00%	0	100.00%
25	70001 80000	0	0	12	100.00%	0	100.00%
26	80001 90000	0	0	12	100.00%	0	100.00%
27	90001 100000	0	0	12	100.00%	0	100.00%
28	TOTALS	12	0	12		0	
29							
30	Average Number of Customers:			1			
31							
32	Average Consumption:			0			
33							
34	Median Consumption:			0			

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

5/8 x 3/4-Inch Meter - COMMERCIAL

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	13	0	13	9.85%	0	0.00%
2	1 1000	48	24,024	61	46.21%	24,024	2.80%
3	1001 2000	17	25,509	78	59.09%	49,533	5.77%
4	2001 3000	8	20,004	86	65.15%	69,537	8.09%
5	3001 4000	4	14,002	90	68.18%	83,539	9.72%
6	4001 5000	1	4,501	91	68.94%	88,039	10.25%
7	5001 6000	2	11,001	93	70.45%	99,040	11.53%
8	6001 7000	2	13,001	95	71.97%	112,041	13.04%
9	7001 8000	1	7,501	96	72.73%	119,542	13.92%
10	8001 9000	1	8,501	97	73.48%	128,042	14.90%
11	9001 10000	4	38,002	101	76.52%	166,044	19.33%
12	10001 12000	4	44,002	105	79.55%	210,046	24.45%
13	12001 14000	6	78,003	111	84.09%	288,049	33.53%
14	14001 16000	5	75,003	116	87.88%	363,052	42.26%
15	16001 18000	2	34,001	118	89.39%	397,053	46.22%
16	18001 20000	3	57,002	121	91.67%	454,054	52.85%
17	20001 25000	3	67,502	124	93.94%	521,556	60.71%
18	25001 30000	2	55,001	126	95.45%	576,557	67.11%
19	30001 35000	1	32,501	127	96.21%	609,057	70.90%
20	35001 40000	1	37,501	128	96.97%	646,558	75.26%
21	40001 45000	0	0	128	96.97%	646,558	75.26%
22	45001 50000	1	47,501	129	97.73%	694,058	80.79%
23	50001 60000	3	165,002	132	100.00%	859,060	100.00%
24	60001 70000	0	0	132	100.00%	859,060	100.00%
25	70001 80000	0	0	132	100.00%	859,060	100.00%
26	80001 90000	0	0	132	100.00%	859,060	100.00%
27	90001 100000	0	0	132	100.00%	859,060	100.00%
28	TOTALS	132	859,060	132		859,060	
29							
30	Average Number of Customers:			11			
31							
32	Average Consumption:			6,482			
33							
34	Median Consumption:			1,365			

Explanation:
Schedule(s) showing billing activity by block for each rate
schedule.

1-Inch Meter - COMMERCIAL

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cummulative Bills		Cummulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	6	0	6	12.50%	0	0.00%
2	1 1000	4	2,002	10	20.83%	2,002	0.48%
3	1001 2000	6	9,003	16	33.33%	11,005	2.65%
4	2001 3000	8	20,004	24	50.00%	31,009	7.48%
5	3001 4000	0	0	24	50.00%	31,009	7.48%
6	4001 5000	0	0	24	50.00%	31,009	7.48%
7	5001 6000	1	5,501	25	52.08%	36,510	8.81%
8	6001 7000	0	0	25	52.08%	36,510	8.81%
9	7001 8000	1	7,501	26	54.17%	44,010	10.62%
10	8001 9000	5	42,503	31	64.58%	86,513	20.87%
11	9001 10000	2	19,001	33	68.75%	105,514	25.45%
12	10001 12000	4	44,002	37	77.08%	149,516	36.07%
13	12001 14000	1	13,001	38	79.17%	162,516	39.21%
14	14001 16000	1	15,001	39	81.25%	177,517	42.82%
15	16001 18000	1	17,001	40	83.33%	194,517	46.93%
16	18001 20000	0	0	40	83.33%	194,517	46.93%
17	20001 25000	4	90,002	44	91.67%	284,519	68.64%
18	25001 30000	2	55,001	46	95.83%	339,520	81.91%
19	30001 35000	1	32,501	47	97.92%	372,021	89.75%
20	35001 40000	0	0	47	97.92%	372,021	89.75%
21	40001 45000	1	42,501	48	100.00%	414,521	100.00%
22	45001 50000	0	0	48	100.00%	414,521	100.00%
23	50001 60000	0	0	48	100.00%	414,521	100.00%
24	60001 70000	0	0	48	100.00%	414,521	100.00%
25	70001 80000	0	0	48	100.00%	414,521	100.00%
26	80001 90000	0	0	48	100.00%	414,521	100.00%
27	90001 100000	0	0	48	100.00%	414,521	100.00%
28	TOTALS	48	414,521	48		414,521	
29							
30	Average Number of Customers:			4			
31							
32	Average Consumption:			8,652			
33							
34	Median Consumption:			4,290			

Explanation:
Schedule(s) showing billing activity by block for each rate
schedule.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec Reqmt	<input type="checkbox"/>

1.5-Inch Meter - COMMERCIAL

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cummulative Bills		Cummulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	0	0	0	0.00%	0	0.00%
2	1 1000	1	501	1	8.33%	501	0.94%
3	1001 2000	1	1,501	2	16.67%	2,001	3.78%
4	2001 3000	2	5,001	4	33.33%	7,002	13.21%
5	3001 4000	2	7,001	6	50.00%	14,003	26.42%
6	4001 5000	2	9,001	8	66.67%	23,004	43.40%
7	5001 6000	0	0	8	66.67%	23,004	43.40%
8	6001 7000	1	6,501	9	75.00%	29,505	55.66%
9	7001 8000	2	15,001	11	91.67%	44,506	83.96%
10	8001 9000	1	8,501	12	100.00%	53,006	100.00%
11	9001 10000	0	0	12	100.00%	53,006	100.00%
12	10001 12000	0	0	12	100.00%	53,006	100.00%
13	12001 14000	0	0	12	100.00%	53,006	100.00%
14	14001 16000	0	0	12	100.00%	53,006	100.00%
15	16001 18000	0	0	12	100.00%	53,006	100.00%
16	18001 20000	0	0	12	100.00%	53,006	100.00%
17	20001 25000	0	0	12	100.00%	53,006	100.00%
18	25001 30000	0	0	12	100.00%	53,006	100.00%
19	30001 35000	0	0	12	100.00%	53,006	100.00%
20	35001 40000	0	0	12	100.00%	53,006	100.00%
21	40001 45000	0	0	12	100.00%	53,006	100.00%
22	45001 50000	0	0	12	100.00%	53,006	100.00%
23	50001 60000	0	0	12	100.00%	53,006	100.00%
24	60001 70000	0	0	12	100.00%	53,006	100.00%
25	70001 80000	0	0	12	100.00%	53,006	100.00%
26	80001 90000	0	0	12	100.00%	53,006	100.00%
27	90001 100000	0	0	12	100.00%	53,006	100.00%
28	TOTALS	12	53,006	12		53,006	
29							
30	Average Number of Customers:			1			
31							
32	Average Consumption:			4,408			
33							
34	Median Consumption:			4,100			

Explanation:
Schedule(s) showing billing activity by block for each rate
schedule.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specd Reqmt	<input type="checkbox"/>

1-Inch Meter - COMMERCIAL

Line Number	Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
1	0	0	7	0	7	6.93%	0	0.00%
2	1	1000	16	8,008	23	22.77%	8,008	0.53%
3	1001	2000	6	9,003	29	28.71%	17,011	1.13%
4	2001	3000	2	5,001	31	30.69%	22,012	1.47%
5	3001	4000	8	28,004	39	38.61%	50,016	3.33%
6	4001	5000	7	31,504	46	45.54%	81,520	5.43%
7	5001	6000	3	16,502	49	48.51%	98,021	6.53%
8	6001	7000	5	32,503	54	53.47%	130,524	8.70%
9	7001	8000	3	22,502	57	56.44%	153,025	10.20%
10	8001	9000	2	17,001	59	58.42%	170,026	11.33%
11	9001	10000	5	47,503	64	63.37%	217,529	14.50%
12	10001	12000	4	44,002	68	67.33%	261,531	17.43%
13	12001	14000	9	117,005	77	76.24%	378,535	25.23%
14	14001	16000	4	60,002	81	80.20%	438,537	29.23%
15	16001	18000	1	17,001	82	81.19%	455,538	30.36%
16	18001	20000	0	0	82	81.19%	455,538	30.36%
17	20001	25000	1	22,501	83	82.18%	478,038	31.86%
18	25001	30000	0	0	83	82.18%	478,038	31.86%
19	30001	35000	1	32,501	84	83.17%	510,539	34.02%
20	35001	40000	0	0	84	83.17%	510,539	34.02%
21	40001	45000	4	170,002	88	87.13%	680,541	45.35%
22	45001	50000	2	95,001	90	89.11%	775,542	51.68%
23	50001	60000	4	220,002	94	93.07%	995,544	66.35%
24	60001	70000	3	195,002	97	96.04%	1,190,545	79.34%
25	70001	80000	3	225,002	100	99.01%	1,415,547	94.34%
26	80001	90000	1	85,001	101	100.00%	1,500,547	100.00%
27	90001	100000	0	0	101	100.00%	1,500,547	100.00%
28	TOTALS		101	1,500,547	101		1,500,547	
29								
30	Average Number of Customers:				8			
31								
32	Average Consumption:				14,734			
33								
34	Median Consumption:				6,700			

Explanation:
Schedule(s) showing billing activity by block for each rate schedule.

3-Inch Meter - COMMERCIAL

Required for: All Utilities	X
Class A	
Class B	
Class C	
Class D	
Specd Reqmt	

Line Number	Block	Number of Bills by Block	Consumption by Blocks	Cummulative Bills		Cummulative Consumption	
				No.	% of Total	Amount	% of Total
1	0 0	1	0	1	33.33%	0	0.00%
2	1 1000	0	0	1	33.33%	0	0.00%
3	1001 2000	0	0	1	33.33%	0	0.00%
4	2001 3000	0	0	1	33.33%	0	0.00%
5	3001 4000	0	0	1	33.33%	0	0.00%
6	4001 5000	1	4,501	2	66.67%	4,501	16.67%
7	5001 6000	0	0	2	66.67%	4,501	16.67%
8	6001 7000	0	0	2	66.67%	4,501	16.67%
9	7001 8000	0	0	2	66.67%	4,501	16.67%
10	8001 9000	0	0	2	66.67%	4,501	16.67%
11	9001 10000	0	0	2	66.67%	4,501	16.67%
12	10001 12000	0	0	2	66.67%	4,501	16.67%
13	12001 14000	0	0	2	66.67%	4,501	16.67%
14	14001 16000	0	0	2	66.67%	4,501	16.67%
15	16001 18000	0	0	2	66.67%	4,501	16.67%
16	18001 20000	0	0	2	66.67%	4,501	16.67%
17	20001 25000	1	22,501	3	100.00%	27,001	100.00%
18	25001 30000	0	0	3	100.00%	27,001	100.00%
19	30001 35000	0	0	3	100.00%	27,001	100.00%
20	35001 40000	0	0	3	100.00%	27,001	100.00%
21	40001 45000	0	0	3	100.00%	27,001	100.00%
22	45001 50000	0	0	3	100.00%	27,001	100.00%
23	50001 60000	0	0	3	100.00%	27,001	100.00%
24	60001 70000	0	0	3	100.00%	27,001	100.00%
25	70001 80000	0	0	3	100.00%	27,001	100.00%
26	80001 90000	0	0	3	100.00%	27,001	100.00%
27	90001 100000	0	0	3	100.00%	27,001	100.00%
28	TOTALS	3	27,001	3		27,001	
29							
30	Average Number of Customers:			0.3			
31							
32	Average Consumption:			8,500			
33							
34	Median Consumption:			4,900			

EXHIBIT 2

Company Name: Naco Water Company, L.L.C.
 Name of System: Well site 4 ADEQ Public Water System Number: 02-112

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	57	245	240	-
FEBRUARY	59	235	177	-
MARCH	60	241	249	-
APRIL	60	310	283	-
MAY	60	426	336	-
JUNE	60	455	412	-
JULY	60	433	322	-
AUGUST	58	339	183	-
SEPTEMBER	59	310	220	-
OCTOBER	60	328	322	-
NOVEMBER	60	254	255	-
DECEMBER	60	262	336	-
TOTALS		3,838	3,335	-

What is the level of arsenic for each well on your system? 0.0026 mg/l
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 2 hours

If system has chlorination treatment, does this treatment system chlorinate continuously?

YES NO N/A

Is the water utility located in an ADWR Active Management Area (AMA)?

YES NO

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

YES NO

If Yes, please provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Company Name: Naco Water Company, L.L.C.
 Name of System: _____ Township _____ ADEQ Public Water System Number: _____ 02-024

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	244	1,091	1,162	-
FEBRUARY	248	1,337	1,348	-
MARCH	246	1,075	1,349	-
APRIL	248	1,253	1,427	-
MAY	245	1,321	1,512	-
JUNE	246	1,652	1,887	-
JULY	244	1,340	1,639	-
AUGUST	240	1,065	1,135	-
SEPTEMBER	244	1,134	1,285	-
OCTOBER	244	1,307	1,563	-
NOVEMBER	245	1,168	1,336	-
DECEMBER	244	1,273	1,519	-
TOTALS		15,016	17,162	-

What is the level of arsenic for each well on your system? 0.0050 & 0.0058 mg/l
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 500 GPM for 2 hours

If system has chlorination treatment, does this treatment system chlorinate continuously?

YES NO N/A

Is the water utility located in an ADWR Active Management Area (AMA)?

YES NO

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

YES NO

If Yes, please provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Well Site 3 ADEQ Public Water System Number: 02-133

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	11	30	39	-
FEBRUARY	12	39	16	-
MARCH	12	38	33	-
APRIL	12	46	46	-
MAY	12	51	50	-
JUNE	12	70	68	-
JULY	12	68	67	-
AUGUST	12	36	37	-
SEPTEMBER	12	39	40	-
OCTOBER	12	48	51	-
NOVEMBER	12	49	167	-
DECEMBER	12	47	50	-
TOTALS		561	664	-

What is the level of arsenic for each well on your system? _____ mg/l

(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hours

If system has chlorination treatment, does this treatment system chlorinate continuously?

YES

NO

N/A

Is the water utility located in an ADWR Active Management Area (AMA)?

YES

NO

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

YES

NO

If Yes, please provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

EXHIBIT 3

Company Name: Naco Water Company, L.L.C.

Name of System: Well #4

ADEQ Public Water System Number: 02-112

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-551849	15	85	450	8	4	1995

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS

Horsepower	Quantity
7.5	2

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

20,000	1

PRESSURE TANKS

Capacity	Quantity
2,000	1

Note: If you are filling for more than one system, please provide separate sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Well 4

ADEQ Public Water System Number:

02-112

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC (Airport line)	5,500
3		
4	PVC C-900	5,985
5		
6		
8		
10		
12		
2	PVC SCH 80	1,755
1	PVC/STEEL	6,180
	(Goat Ranch line)	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	72
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Four Chlorinators

STRUCTURES:

1,100' of 6' Chain Link Fence

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Town Ship

ADEQ Public Water System Number: 02-024

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-575700	15	182	410	10	4	1999
55-562944	10	80	312	8	3	1997

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS	
Horsepower	Quantity
5.0	2
15.0	2

FIRE HYDRANTS	
Quantity Standard	Quantity Other
18	

STORAGE TANKS	
20,000	1
50,000	1

PRESSURE TANKS	
Capacity	Quantity
2,000	1
5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Town Ship

ADEQ Public Water System Number:

02-024

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC/STEEL	1470
3		
4	PVC	8700
5		
6	PVC	13240
8	PVC	330
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	276
3/4	1
1	4
1 1/2	1
2	9
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Two Chlorinators

STRUCTURES:

600' of 6' Chain Link Fence

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Well Site 3

ADEQ Public Water System Number: 02-133

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-203321	5	35	312	6	2	2004

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS

Horsepower	Quantity
5.0	1

FIRE HYDRANTS

Quantity Standard	Quantity Other

STORAGE TANKS

Capacity	Quantity
7,000	1

PRESSURE TANKS

Capacity	Quantity
750	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

Company Name: Naco Water Company, L.L.C.

Name of System: Well 3

ADEQ Public Water System Number:

02-133

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC/STEEL	790
3	ABS	1,170
4		
5		
6		
8		
10		
12		
2	PVC	110 (2012)

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x 3/4	11
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Four Chlorinators

STRUCTURES:

1,100' of 6' Chain Link Fence

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.